

Energy Situation Analysis Report

Last Updated: May 29, 2003

Next Update: June 3, 2003

[Energy Situation Analysis Report Archive \(PDF\)](#)

Latest Oil Price Information

- As of 10:30 am, Thursday, the near-month WTI futures contract was at \$28.50 per barrel, down \$0.08 per barrel from yesterday's closing price.

[Latest Oil Price Table](#)

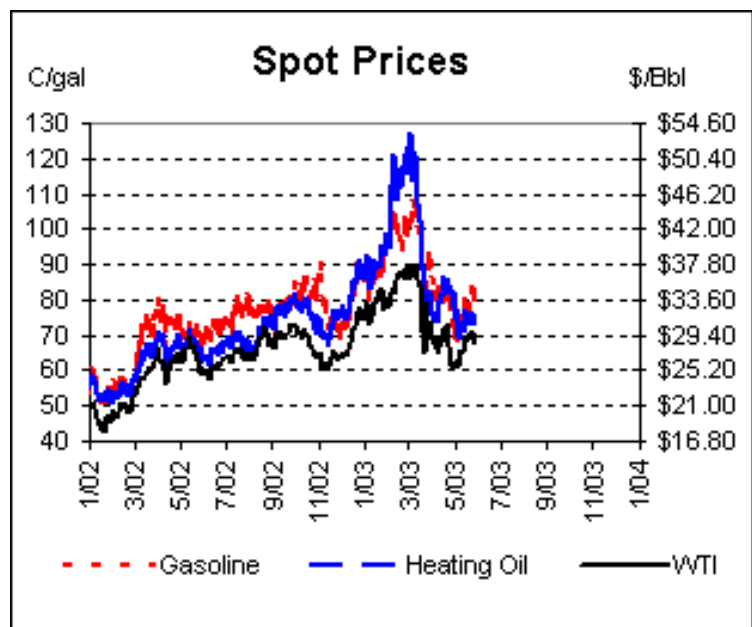
Iraq Oil Developments

- Philip Carroll, senior U.S. adviser to the Iraqi Oil Ministry, said yesterday (5/28) that Iraq is currently producing 700,000-800,000 barrels per day of oil, but added that 250,000-300,000 barrels per day of this output was being reinjected back into reservoirs.
- Carroll added that "Iraq should be exporting some 500,000 barrels of oil a day by the middle of June. That will climb to about a million barrels of oil a day by the end of the month."
- Iraq's State Oil Marketing Organization (SOMO) announced yesterday (5/28) that it would soon send out its first tender for oil sales since the lifting of United Nations sanctions. On Tuesday (5/27), SOMO's director said that he expected Iraq's first post-war oil exports to come from storage tanks at the port of Ceyhan in mid-June.
- Saudi Oil Minister Ali Naimi said yesterday (5/28) that Iraq should be allowed to let its oil production reach 3.5 million barrels per day, its output prior to the 1990/1991 Gulf War. At that point, Naimi believes Iraq should be assigned an official OPEC quota.
- On Tuesday (5/27), the U.S. Treasury Department lifted most sanctions against Iraq. Companies and individuals now can engage in most trade and investment activities with Iraq, without receiving government approval first. Among other things, according to Treasury Secretary John Snow, "Oil can now be exported to finance reconstruction

Energy Prices*

NYMEX Futures	5/28/03	5/27/03	Change	3/12/03
WTI (\$/Bbl)	28.58	29.35	-0.77	37.83
Gasoline (C/gal)	87.80	89.52	-1.72	111.39
Heating Oil (C/gal)	72.96	74.60	-1.64	103.52
Natural Gas (\$/MMBtu)	5.95	5.90	+0.04	5.87
Spot Prices				
WTI (Cushing, OK)	28.46	29.24	-0.78	37.87
Gasoline (NYH)	78.00	81.05	-3.05	105.08
Heating Oil (NYH)	73.15	74.58	-1.43	115.45
Jet Fuel (NYH)	74.35	76.00	-1.65	112.45
Natural Gas (Henry Hub)	5.71	5.84	-0.13	5.80

[*Definitions](#)



and humanitarian needs" while "Vital goods and services can be imported."

World Oil Market Issues

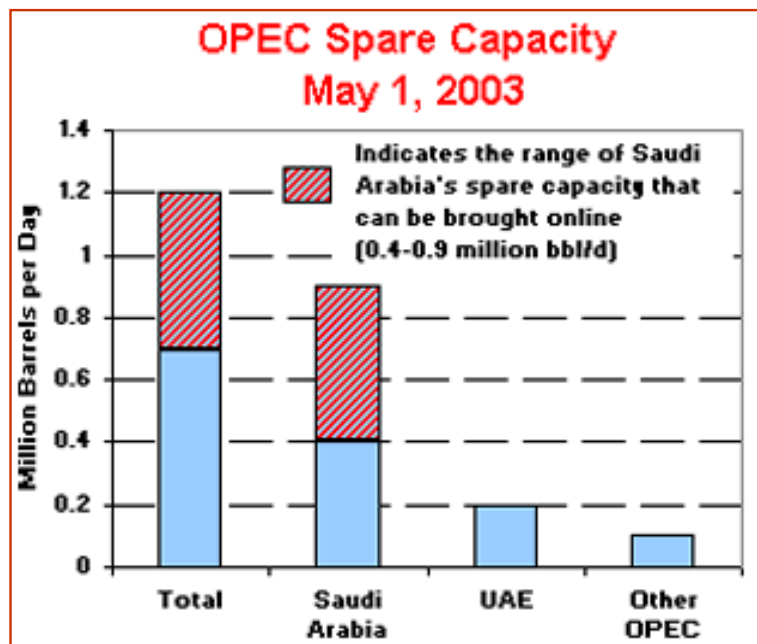
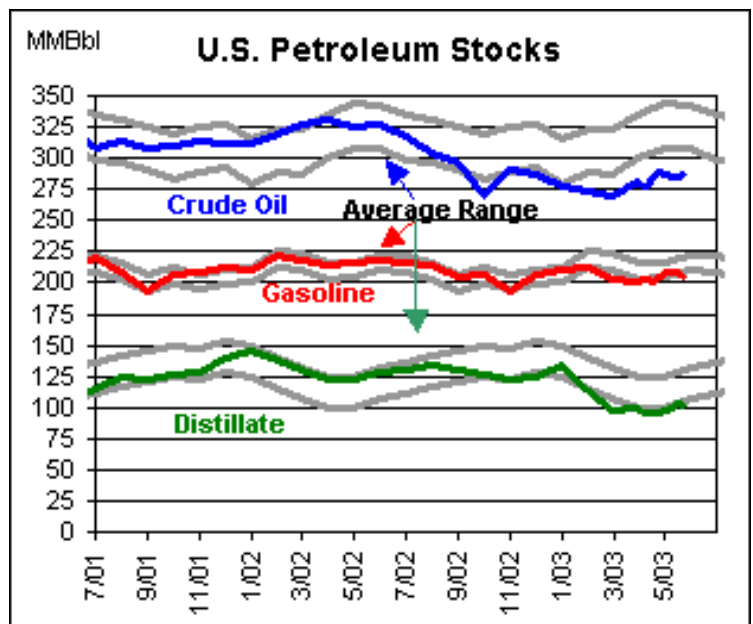
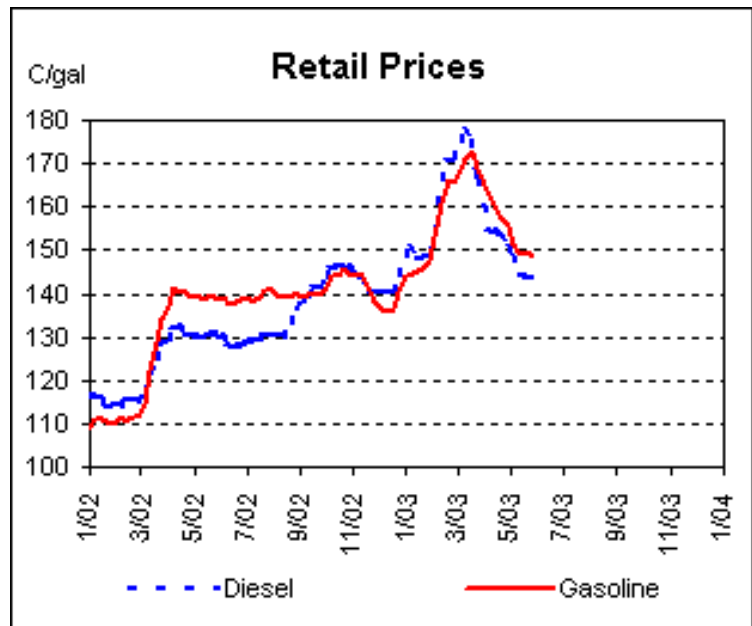
- Production in [Nigeria](#) remains constrained due to ethnic unrest in the Niger Delta. The volume of production currently disrupted is estimated at around 200,000 barrels per day, with production at 2.0 million barrels per day (MMBD) compared to 2.2 MMBD in February 2003.
- Nigerian President Olusegan Obasanjo was sworn in yesterday (5/28) for a second term in office.
- [Venezuelan](#) production is widely believed -- by striking workers and independent analysts -- to be around 2.6 MMBD. In contrast, Venezuela's Vice Energy minister, Luis Vierma, said yesterday (5/28) that the country's current crude oil production was 2.8 MMBD (not counting around 500,000 barrels per day of synthetic crude oil, Orimulsion, and natural gas liquids), just below Venezuela's OPEC quota of 2.9 MMBD.
- International Energy Agency (IEA) Executive Director Claude Mandil said today (5/29) that "OPEC does not need to cut output because the present market situation is that stocks are very low." On Tuesday (5/27) OPEC president Abdullah al-Attiyah had indicated that members of the cartel were considering a cut at their upcoming June 11 meeting in Doha, Qatar.
- On Wednesday (5/28), OPEC Secretary General Alvaro Silva Calderon said that Iraq had not been invited to send a representative to the group's June 11 meeting.

[Latest OPEC Production Table](#)

[Latest U.S. Petroleum Information](#)

- Crude oil imports have averaged over 9.8 million barrels per day over the past four weeks, which is 634,000 barrels per day more than averaged over the same period last year. Meanwhile, U.S. crude oil refinery inputs averaged 15.6 million barrels per day during the week ending May 23, down 111,000 barrels per day from the previous week.

U.S. commercial crude oil inventories (excluding those in the [Strategic Petroleum Reserve](#)) increased by 1.1 million barrels the week ending May 23, but are 39.8 million barrels less than last year at this time. Meanwhile, motor gasoline inventories declined by 3.4 million barrels, and

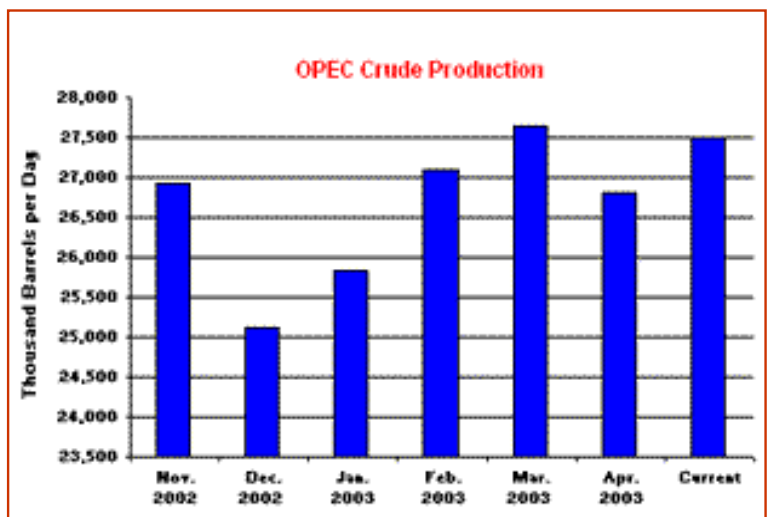
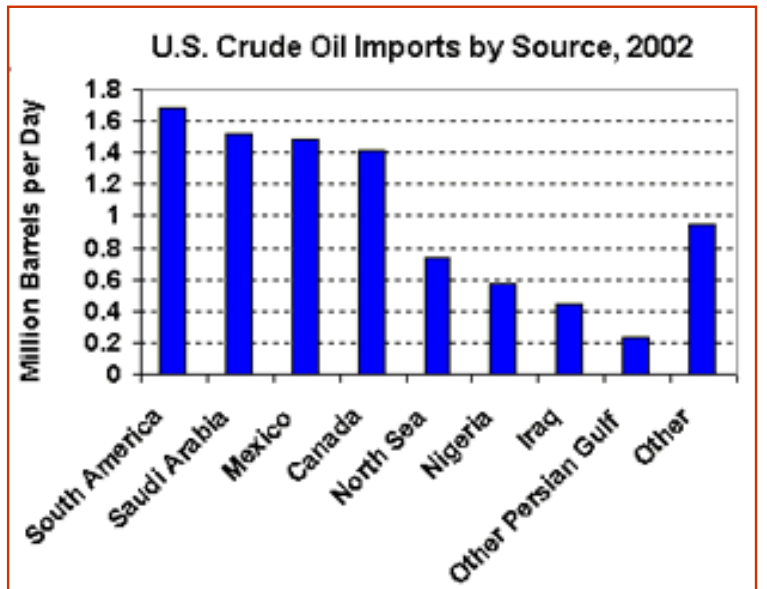
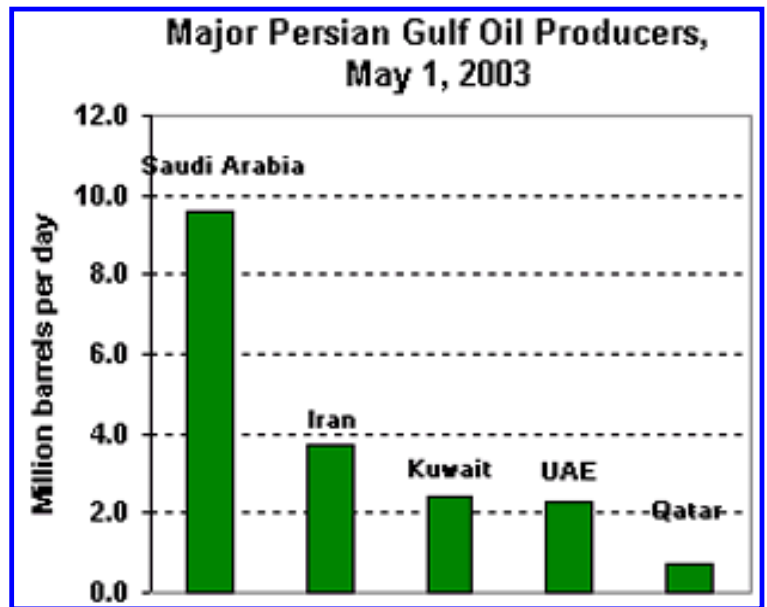


fell back below the low end of the normal range, while distillate fuel inventories decreased by 1.2 million barrels. As of May 23, total commercial petroleum inventories are 122.2 million barrels less than last year. Gasoline demand (or more accurately the amount of gasoline that was supplied into the U.S. gasoline market) got a jump start on the unofficial beginning of the peak summer driving season, averaging 9.3 million barrels for the week leading up to the Memorial Day weekend. This level of gasoline demand represents the highest weekly average since the week ending November 1, 2002, and is more than 600,000 barrels per day more than averaged during the week leading up to Memorial Day last year.

- The U.S. average retail price for regular gasoline fell last week for the ninth time in ten weeks. Prices decreased by 1.1 cents per gallon as of May 26 to reach 148.7 cents per gallon, which is 10.0 cents per gallon higher than a year ago. Since March 17, the average price for regular gasoline has declined by 24.1 cents per gallon. This price decrease largely reflects crude oil prices that remain lower than their peak price in March. Prices were down throughout the nation last week, with prices dropping the most on the West Coast, to 169.9 cents per gallon. The region with the lowest price is the Gulf Coast, where prices for regular gasoline averaged stayed flat at 136.9 cents per gallon. California prices fell by 4.6 cents, to 176.3 cents per gallon, and are now 38.2 cents per gallon lower than the peak price reached on March 17.

[U.S. Petroleum Supply Table](#)

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Page last modified on undefined

Back to the Current Energy Situation Analysis Report

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Date	WTI Crude Oil		Gasoline		Heating Oil		Kerojet	Propane		EIA Weekly Retail	
	Spot	Futures	Spot	Futures	Spot	Futures	Spot	Spot	Spot	US Average	
	Cushing		NYH		NYH		NYH	Mt. Belvieu	Conway	Gasoline	Diesel
	\$/bbl	\$/bbl	cents per gallon		cents per gallon		c/gal	cents per gallon		cents per gallon	
4/10/2003	\$27.20	\$27.46	78.54	83.46	74.30	71.61	74.80	48.94	49.75	159.5	153.9
4/11/2003	\$28.28	\$28.14	80.53	85.04	79.10	72.45	79.10	49.50	50.13		
4/14/2003	\$28.41	\$28.63	79.53	84.91	81.18	74.75	80.56	50.50	51.38		
4/15/2003	\$29.46	\$29.29	81.70	85.88	86.00	77.26	86.00	51.38	52.50		
4/16/2003	\$29.16	\$29.18	81.43	87.27	83.98	76.49	81.60	51.44	53.00		
4/17/2003	\$30.10	\$30.55	84.68	90.66	83.33	77.36	81.95	51.88	50.75	157.4	152.9
4/18/2003	NA	NA	NA	NA	NA	NA	NA	NA	NA		
4/21/2003	\$30.76	\$30.87	83.96	90.98	84.79	80.08	84.29	53.25	52.50		
4/22/2003	\$29.92	\$29.91	81.00	87.74	85.20	77.86	83.45	53.25	52.25		
4/23/2003	\$28.04	\$26.65	78.35	84.81	82.20	75.07	79.95	52.13	51.25		
4/24/2003	\$27.52	\$26.64	79.10	87.93	83.30	77.30	81.80	51.88	51.25	155.7	150.8
4/25/2003	\$25.92	\$26.26	78.38	88.36	82.05	76.60	80.80	52.25	51.75		
4/28/2003	\$25.25	\$25.49	74.00	84.24	78.20	73.14	76.45	51.25	50.25		
4/29/2003	\$25.32	\$25.24	73.07	82.94	79.20	73.04	77.45	49.75	48.82		
4/30/2003	\$26.09	\$25.80	72.78	84.28	81.64	76.14	79.89	51.75	50.75		
5/1/2003	\$26.05	\$26.03	70.24	79.02	75.80	69.10	77.30	48.63	51.57	151.3	148.4
5/2/2003	\$25.74	\$25.67	68.50	76.78	74.20	67.92	75.70	48.50	50.50		
5/5/2003	\$26.43	\$26.49	70.98	79.20	76.25	70.51	77.25	50.25	51.38		
5/6/2003	\$25.65	\$25.72	69.13	76.85	70.05	67.78	73.30	50.25	51.82		
5/7/2003	\$26.24	\$26.23	70.58	77.96	70.70	68.93	73.95	51.75	53.63		
5/8/2003	\$26.94	\$26.98	73.29	80.84	71.92	70.97	74.89	53.25	54.57	149.1	144.4
5/9/2003	\$27.65	\$27.72	75.25	83.39	73.20	71.89	74.95	54.25	55.75		
5/12/2003	\$27.34	\$27.35	73.94	81.40	71.25	70.82	74.25	55.13	56.25		
5/13/2003	\$28.51	\$28.50	76.80	84.45	74.50	74.18	77.15	56.07	57.57		
5/14/2003	\$29.21	\$29.17	79.60	87.37	76.45	76.41	79.10	56.88	58.00		
5/15/2003	\$28.57	\$28.74	77.82	86.73	75.38	75.04	78.03	55.69	57.25	149.8	144.3
5/16/2003	\$29.07	\$29.14	79.10	87.90	76.55	75.56	79.30	56.00	57.25		
5/19/2003	\$28.84	\$28.83	75.77	85.39	73.85	72.92	76.20	55.94	56.88		
5/20/2003	\$29.29	\$29.28	75.70	85.02	74.20	73.31	76.23	55.63	56.75		
5/21/2003	\$29.51	\$29.03	77.36	86.83	75.29	74.75	77.32	55.63	56.75		
5/22/2003	\$29.09	\$28.85	82.60	89.32	74.85	74.37	76.10	55.57	57.19	148.7	143.4
5/23/2003	\$29.74	\$29.16	83.30	90.65	74.85	74.40	76.20	55.88	56.75		
5/26/2003	NA	NA	NA	NA	NA	NA	NA	NA	NA		
5/27/2003	\$29.24	\$29.35	81.05	89.52	74.58	74.60	76.00	55.50	56.50		
5/28/2003	\$28.46	\$28.58	78.00	87.80	73.15	72.96	74.35	54.69	55.13		

Source: Spot and futures closing quotes as reported by Reuters News Service, retail prices reported by EIA

Definitions

Petroleum

WTI – West Texas Intermediate (for the purposes of this table, prices provided are near month futures price) Cushing OK.

Bbl – Barrel (42 gallons).

C's – cents.

Natural Gas

Henry Hub – A pipeline hub on the Louisiana Gulf coast. It is the delivery point for the natural gas futures contract on the New York Mercantile Exchange (NYMEX).

Electricity

COB – average price of electricity traded at the California-Oregon and Nevada-Oregon border.

Palo Verde - average price of electricity traded at Palo Verde and West Wing Arizona.

Average - average price of electricity traded at all locations.

World Oil Production (Thousand barrels per day)				
	Year Ago Production	November 2002 Production	Last Month Production	Current Production
Algeria	830	938	1,200	1,200
Indonesia	1,120	1,100	1,030	1,030
Iran	3,360	3,500	3,750	3,750
Kuwait	1,880	1,940	2,400	2,400
Libya	1,310	1,350	1,430	1,430
Nigeria	1,920	2,000	1,800	2,000
Qatar	640	695	750	750
Saudi Arabia	7,450	8,100	9,600	9,600
UAE	1,960	2,000	2,300	2,300
Venezuela	2,680	2,922	2,500	2,600
OPEC 10 Crude Oil	23,150	24,545	26,760	27,060
Iraq	1,860	2,390	50	450
OPEC Crude Oil	25,010	26,935	26,810	27,510
Rest of World*	50,967	51,587	51,896	51,896
Total World	75,977	78,522	78,706	79,406
*Rest of World includes the production of crude oil in non-OPEC countries, natural gas liquids, and other liquids.				

U.S. Petroleum Supply

(Thousand Barrels per Day)	Four Weeks Ending		vs. Year Ago	
	5/23/2003	5/23/2002	Diff.	% Diff.
Refinery Activity				
Crude Oil Input	15,715	15,305	410	2.7%
Operable Capacity	16,800	16,787	13	0.1%
Operable Capacity Utilization (%)	94.8%	91.7%	3.1%	
Production				
Motor Gasoline	8,552	8,718	-166	-1.9%
Jet Fuel	1,472	1,482	-10	-0.7%
Distillate Fuel Oil	3,837	3,693	144	3.9%
Imports				
Crude Oil (incl. SPR)	9,826	9,191	635	6.9%
Motor Gasoline	1,000	887	113	12.8%
Jet Fuel	129	91	38	41.1%
Distillate Fuel Oil	271	197	74	37.6%
Total	12,404	11,593	811	7.0%
Exports				
Crude Oil	10	7	3	38.6%
Products	950	899	52	5.7%
Total	960	906	54	6.0%
Products Supplied				
Motor Gasoline	9,005	9,001	4	0.0%
Jet Fuel	1,518	1,555	-37	-2.4%
Distillate Fuel Oil	3,773	3,699	74	2.0%
Total	20,262	19,623	639	3.3%
Stocks (Million Barrels)				
	5/23/2003	5/23/2002	vs. Year Ago	
			Diff.	% Diff.
Crude Oil (excl. SPR)	286.2	326.0	-39.8	-12.2%
Motor Gasoline	205.0	218.2	-13.2	-6.0%
Jet Fuel	38.4	40.8	-2.4	-5.9%
Distillate Fuel Oil	101.5	126.0	-24.5	-19.4%
Total (excl. SPR)	912.7	1,034.9	-122.2	-11.8%